

CLEVELAND PUBLIC LIBRARY
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CORPORATION FILE

J. J. NEWBERRY CO.

ANNUAL REPORT

for the Year

1947

J. J. NEWBERRY CO.



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J. J. NEWBERRY CO.

245 FIFTH AVENUE

New York

OFFICERS

J. J. NEWBERRY	Chairman of the Board
E. A. NEWBERRY	President
J. E. NELSON	Vice-President
F. R. SMITH	Vice-President
J. H. EWEN	Vice-President and Treasurer
H. M. WILLGOHS	Secretary and Comptroller
F. S. NEWBERRY	Assistant Secretary
W. C. STRAUS	Assistant Treasurer

DIRECTORS

J. J. NEWBERRY		E. A. NEWBERRY
J. E. NELSON	F. S. NEWBERRY	F. R. SMITH
ANNA C. NEWBERRY	W. C. BAKER	C. T. NEWBERRY
J. H. EWEN	J. J. NEWBERRY, JR.	M. G. PALLISTER
W. P. HUKILL	W. C. SCHULZ	

TRANSFER AGENT	Corporation Trust Co., New York
REGISTRAR	Guaranty Trust Co., New York
GENERAL COUNSEL	Pallister & Pallister
AUDITORS	Peat, Marwick, Mitchell & Co.

TO OUR STOCKHOLDERS:

The Board of Directors are pleased to present herewith THE FINANCIAL STATEMENTS of the Company for the year ended December 31, 1947 together with the report thereon of Peat, Marwick, Mitchell & Co., independent public accountants.

SALES FOR 1947 reached the highest figure in the Company's history, totaling \$117,860,227, an increase of \$4,631,260 over the year 1946.

The Year 1947 completed thirty-six years of operation by the Company. During that time the sales failed to increase during two years, 1917 and 1938. With these two exceptions, the Company has shown an increase in sales every year.

ONE NEW STORE WAS ADDED IN 1947. Three stores were discontinued permanently due to leases expiring or shopping centers having changed, making them unprofitable to continue operation.

Four other stores were closed through a portion of 1947, continuing closed throughout the month of December, due to a fire and other causes.

OUR EXPANSION AND STORE IMPROVEMENT PROGRAM continued during 1947.

Thirteen stores were enlarged to provide additional selling space. Due to the present high cost of construction work, several of these improvements were made on a temporary basis until more favorable building conditions return.

Seven other stores were modernized without any enlargement during 1947. Our plan is to continue the expansion and improvement program during 1948 where the sales possibilities warrant the present high cost of construction.

INVENTORY: A major effort was made throughout 1947 to eliminate from inventory all merchandise which a serious deflationary period would adversely affect from a price standpoint.

This resulted in sacrificing sales and profits slightly in favor of a healthier future condition regarding inventory.

Inventories as of December 31, 1947 totaled \$17,070,990 compared with \$17,641,430 at the close of 1946, a decrease of \$570,440.

SALARIES, WAGES AND PAYMENTS FOR EMPLOYEE BENEFITS for 1947 totaled \$20,983,467, distributed as follows:

Salaries and Wages.....	\$20,097,648
Retirement Pension, Group Life Insurance, Hospitalization, Surgery and Accident & Sickness Insurance.....	409,149
Unemployment Insurance and Federal Old Age Benefits.....	476,670

TAXES OF ALL DESCRIPTIONS PAID OUT OF COMPANY GROSS INCOME (not including taxes paid by the Company for Unemployment Insurance and Federal Old Age Benefits) FOR 1947 TOTALED \$5,456,686.

The Company collected from customers and turned over to proper governmental authorities sales and excise taxes totaling \$2,338,294.

AFTER ALL TAXES AND OPERATING EXPENSES, the net profits of the Company amounted to \$6,919,841 or \$4.30 per share of common stock after preferred stock dividends. This compares with \$7,582,272 or \$4.74 per common share for 1946.

DIVIDENDS were paid to common and preferred stockholders during the year totaling \$3,418,578.

To common stockholders.....	\$3,043,568
To preferred stockholders.....	375,010

In 1946 total dividends paid amounted to \$2,429,417.

The Company's financial condition remains strong. Current assets at December 31, 1947 were \$32,243,427 compared with \$33,124,264 at the end of 1946.

Current liabilities at December 31, 1947 were \$6,364,027 compared with \$9,099,394 at the close of 1946.

Cash on hand and United States Government securities, in excess of our Company Federal Income Tax liability amounts to \$14,810,910.

This financial position will permit going forward with a substantial store improvement and expansion program when it is deemed wise from the cost standpoint.

It is with a feeling of keen loss and sorrow we report the death of two members of our Board of Directors during 1947—Mr. Walter Williams and Mr. Thomas H. Hochstrasser.

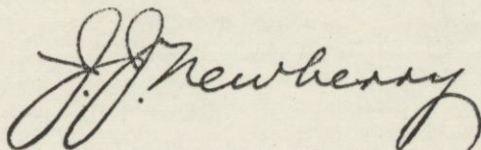
Mr. Hochstrasser, also a valued Vice-President, had been actively associated with the Company since 1921 and in later years was in charge of the buying staff. He became a Director and Vice-President in 1923.

Mr. Williams was elected a Director in 1927 and served continuously until his death. He contributed excellent judgment and much experience to the operation of our Company.

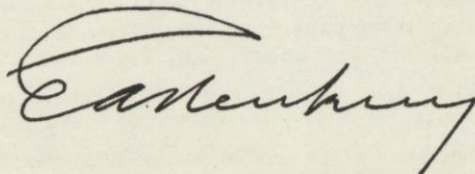
It is always a pleasure and privilege to extend congratulations and our appreciation to our thousands of employees scattered throughout the country for their fine work and loyalty.

While the future is difficult to predict with any degree of certainty, we have entered 1948 hopeful of continued good business toward which the entire Newberry organization is working with determination and enthusiasm.

Very truly yours,



Chairman of the Board.



President.

March 8, 1948.

ACCOUNTANTS' REPORT

To The Board of Directors,
J. J. NEWBERRY Co.,
New York, N. Y.

We have examined the consolidated balance sheet of J. J. Newberry Co. and subsidiary companies as of December 31, 1947 and the statements of consolidated profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards and included all procedures which we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and related statements of consolidated profit and loss and surplus present fairly the consolidated position of J. J. Newberry Co. and subsidiary companies at December 31, 1947 and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.

New York, N. Y.
March 5, 1948.

J. J. NEWB
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 1947
in comparison with

ASSETS

	December 31, 1947	1946
CURRENT ASSETS:		
Cash in banks, on hand and in transit.....	\$12,764,299	\$12,983,352
Miscellaneous accounts receivable.....	361,527	206,201
U. S. Treasury Savings Notes, Series C, less amount deducted from Federal tax liability (contra), \$4,288,563 as of December 31, 1947; \$4,680,893 as of December 31, 1946.....	1,881,437	2,119,107
Other U. S. Government securities—at cost....	165,174	174,174
Merchandise, at the lower of cost or market...	17,070,990	17,641,430
TOTAL CURRENT ASSETS.....	32,243,427	33,124,264
MISCELLANEOUS INVESTMENTS AND ADVANCES (at cost).....	525,532	524,622
PROPERTY AND EQUIPMENT:		
Land, buildings and improvements, at or below cost.....	11,168,069	9,780,359
Furniture and fixtures, at cost.....	13,141,882	12,413,123
	24,309,951	22,193,482
Less Reserves for depreciation.....	9,071,838	8,244,799
	15,238,113	13,948,683
Alterations and improvements to leased prem- ises, at or below cost.....	5,823,458	5,487,804
Less Reserve for amortization.....	2,839,256	2,631,963
	2,984,202	2,855,841
TOTAL PROPERTY AND EQUIPMENT (net)...	18,222,315	16,804,524
PREPAID EXPENSES AND DEFERRED CHARGES:		
Unexpired insurance, supplies, prepaid rents, taxes, pension premiums, etc.....	781,445	664,061
Improvements to leased properties (recoverable) and miscellaneous deferred charges.....	115,584	92,468
TOTAL PREPAID EXPENSES, ETC.....	897,029	756,529
	\$51,888,303	\$51,209,939

ERRY CO

Y COMPANIES

BALANCE SHEET

ER 31, 1947

December 31, 1946

LIABILITIES

	December 31, 1947	1946
CURRENT LIABILITIES:		
Accounts payable, bonuses and accrued liabilities	\$ 6,270,275	\$ 9,005,642
Provision for Federal income taxes (less U. S. Treasury Savings Notes, Series C, \$4,288,563 as of December 31, 1947; \$4,680,893 as of December 31, 1946).....	—	—
Dividend payable on preferred stock—due February 1 of following year.....	93,752	93,752
TOTAL CURRENT LIABILITIES.....	6,364,027	9,099,394
 MORTGAGES PAYABLE ON REAL ESTATE (principal or installment payments due in 1948, \$61,000; in 1947, \$125,000).....	 2,541,815	 2,702,743
 RESERVE FOR SELF-INSURANCE (fire and burglary)..	 294,786	 221,390
 CAPITAL STOCK AND SURPLUS:		
Cumulative Preferred Stock, par value \$100.00 per share:		
Authorized, 125,000 shares, issuable in series		
Issued, 100,000 shares, 3¾% Series (redeemable at \$104.50 per share to August 1, 1948 and on a decreasing scale to August 1, 1953 and at any time thereafter at \$101.50 per share, plus accrued dividends in each case).	10,000,000	10,000,000
 Common Stock, no par value:		
Authorized, 2,000,000 shares		
Issued, 1,581,256 shares.....	5,208,572	5,208,572
Earned Surplus (preferred stock provisions limit amount distributable to common stockholders to \$11,678,614 as of December 31, 1947).....	27,782,065	24,280,802
	42,990,637	39,489,374
Less Cost of 59,472 shares of common stock in treasury.....	302,962	302,962
 TOTAL CAPITAL STOCK AND SURPLUS.....	 42,687,675	 39,186,412
	<u><u>\$51,888,303</u></u>	<u><u>\$51,209,939</u></u>

J. J. NEWBERRY CO.
AND SUBSIDIARY COMPANIES

STATEMENTS OF
CONSOLIDATED PROFIT AND LOSS AND SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1947
in comparison with the year ended December 31, 1946

PROFIT AND LOSS

	Year ended December 31, 1947	1946
Sales.....	\$117,860,227	\$113,228,967
Cost of Merchandise Sold and Operating Expenses, including general and administrative expenses and after deducting income from rentals.....	105,713,280	100,045,313
	12,146,947	13,183,654
Other income (net).....	92,747	98,369
	12,239,694	13,282,023
Deduct:		
Interest on mortgages and other interest.....	93,117	96,625
Provision for depreciation and amortization....	966,736	928,126
	1,059,853	1,024,751
	11,179,841	12,257,272
Provision for Federal Income Taxes.....	4,260,000	4,675,000
Net Income for the year transferred to Earned Surplus.....	\$ 6,919,841	\$ 7,582,272

EARNED SURPLUS

Balance at beginning of year.....	\$ 24,280,802	\$ 19,127,947
Net Income for the year.....	6,919,841	7,582,272
	31,200,643	26,710,219
Less Dividends:		
3¾% Cumulative Preferred Stock.....	375,010	375,009
Common Stock—in 1947, \$2.00 per share; in 1946, \$1.35 per share.....	3,043,568	2,054,408
	3,418,578	2,429,417
Balance at end of year.....	\$ 27,782,065	\$ 24,280,802

RECORD OF SALES AND EARNINGS

<i>Year</i>	<i>Number of Stores</i>	<i>Sales</i>	<i>Earnings per share on Common Stock Outstanding</i>
1912.....	1	\$ 32,383	N O T
1913.....	2	42,184	
1914.....	3	92,640	
1915.....	5	116,009	I N C O R P O R A T E D
1916.....	5	151,465	
1917.....	6	149,466	
1918.....	7	276,449	
1919.....	17	502,445	
1920.....	17	751,984	
1921.....	26	1,157,234	
1922.....	33	1,750,066	\$4.68 6.42 8.28 *3.06 3.65 4.62 †3.15 2.22 1.73 1.07 3.06 5.38 4.94 6.03 5.27 4.04 5.44 4.53 6.40 6.70 7.58 7.39 †1.93 4.74 4.30
1923.....	51	3,564,947	
1924.....	68	5,114,339	
1925.....	86	6,897,414	
1926.....	112	9,985,074	
1927.....	151	15,069,159	
1928.....	210	20,609,366	
1929.....	279	27,789,369	
1930.....	335	30,187,392	
1931.....	379	31,146,802	
1932.....	406	33,121,670	
1933.....	417	35,146,574	
1934.....	431	41,054,218	
1935.....	450	43,388,611	
1936.....	461	48,376,510	
1937.....	469	50,315,454	
1938.....	476	49,040,697	
1939.....	479	52,272,953	
1940.....	486	55,879,580	
1941.....	488	64,228,956	
1942.....	492	77,313,152	
1943.....	491	91,028,763	
1944.....	491	95,861,688	
1945.....	488	100,868,759	
1946.....	487	113,228,967	
1947.....	485	117,860,227	

* Stock split-up 4 shares for 1 in 1926.

† Stock split-up 3 shares for 2 and rights to subscribe to 10% of holdings issued May 1st, 1929.

‡ Stock split-up 4 shares for 1 in 1945.

STORE LOCATIONS

Alabama—3

Birmingham
Dothan
Montgomery

Arizona—3

Douglas
Nogales
Phoenix

Arkansas—2

Hot Springs
Pine Bluff

California—68

Alhambra
Bakersfield
Bellflower
Beverly Hills
Brawley
Burbank
Compton
Covina
Downey
El Centro
Fresno
Glendale
Hanford
Hollywood
Huntington
Park (2)
Inglewood
Long Beach (2)
Los Angeles (17)
Marysville
Merced
Modesto
North Hollywood
Oakland
Ocean Park
Ontario
Pasadena
Pomona
Redlands
Redondo Beach
Salinas
San Bernardino
San Francisco
San Jose
San Mateo
San Pedro (2)
Santa Ana
Santa Barbara
Santa Cruz
Santa Monica (2)
Santa Rosa
So. Pasadena
Studio City
Torrance
Vallejo

Calif. [Contd.]

Van Nuys
Ventura
Visalia
Whittier

Colorado—4

Denver
Fort Collins
La Junta
Pueblo

Connecticut—5

Hartford
New Haven
Norwalk
Wallingford
Winsted

Florida—2

Pensacola
Tampa

Georgia—3

Atlanta
Columbus
Macon

Idaho—4

Boise
Lewiston
Pocatello
Twin Falls

Illinois—12

Alton
Belleville
Canton
Collinsville
Dixon
East St. Louis
Granite City
Litchfield
Macomb
Peoria
Rock Island
West Frankfort

Indiana—16

Auburn
Connersville
Decatur

Indiana [Contd.]

East Chicago
Gary
Goshen
Hammond
Hartford City
Indiana Harbor
Jasper
Jeffersonville
Marion
Martinsville
New Albany
New Castle
Whiting

Iowa—5

Boone
Iowa Falls
Newton
Ottumwa
Webster City

Kansas—3

Chanute
Coffeyville
Parsons

Kentucky—25

Bardstown
Central City
Corbin
Cynthiana
Danville
Elizabethtown
Frankfort
Glasgow
Harlan
Harrodsburg
Hazard
Henderson
Lawrenceburg
Lebanon
Louisville
Mayfield
Mt. Sterling
Owensboro
Paris
Pineville
Richmond
Shelbyville
Somerset
Versailles
Winchester

Louisiana—1

Lake Charles

Maine—22

Bangor
Bath
Biddeford
Calais
Caribou
Dover-Foxcroft
Eastport
Ellsworth
Farmington
Fort Fairfield
Fort Kent
Houlton
Lewiston
Lincoln
Madawaska
Mars Hill
Millinocket
Norway
Presque Isle
Rockland
Rumford
Van Buren

Maryland—6

Brunswick
Elkton
Frederick
Hagerstown
Pocomoke City
Salisbury

Massach'setts—29

Amesbury
Attleboro
Boston
Brockton
Bridgewater
Chelsea
Clinton
Fall River
Falmouth
Framingham
Franklin
Gardner
Haverhill
Holyoke
Lawrence
Leominster
Lowell
Maynard
Newburyport
North Adams
North Attleboro
Pittsfield
Rockland
Stoughton
Wakefield
Ware
Whitman
Woburn
Worcester

Michigan—13

Alma
Calumet
Charlotte
Coldwater
Houghton
Iron Mountain
Iron River
Ishpeming
Ludington
Manistee
Midland
Port Huron
Three Rivers

Minnesota—2

St. Cloud
Duluth

Mississippi—1

Meridian

Missouri—12

Cape Girardeau
Columbia
Excelsior Spgs.
Hannibal
Jefferson City
Joplin
Maplewood
Poplar Bluff
St. Louis (3)
Springfield

Montana—2

Billings
Great Falls

New Hampshire—15

Berlin
Claremont
Concord
Derry
Dover
Franklin
Keene
Laconia
Littleton
Manchester
Nashua
Plymouth
Portsmouth
Rochester
Tilton

STORE LOCATIONS—Continued

New Jersey—17

Asbury Park
Atlantic City
Boonton
Bridgeton
Caldwell
Dover
Freehold
Hackettstown
Hammonton
Keyport
Long Branch
Millville
New Brunswick
Newton
Red Bank
Vineland
Wildwood

New Mexico—2

Las Vegas
Raton

New York—57

Albany
Albion
Amsterdam
Auburn
Ballston Spa
Batavia
Bath
Buffalo
Canandaigua
Canton
Carthage
Catskill
Cobleskill
Cohoes
Cooperstown
Corning
Cortland
Elmira
Endicott
Gloversville
Gouverneur
Greenpoint
Herkimer
Hornell
Hudson
Ithaca
Johnstown
Kingston
Little Falls
Lockport
Lyons
Malone
Massena

N. Y. [Contd.]

Mechanicville
Middletown
Niagara Falls
Northville
Nyack
Ogdensburg
Oneonta
Ossining
Owego
Peekskill
Penn Yan
Perry
Port Jervis
Poughkeepsie
Salamanca
Saranac Lake
Saratoga Springs
Saugerties
Ticonderoga
Tupper Lake
Walton
Watertown
Wellsville
Whitehall

N. Carolina—5

Asheville
Monroe
Oxford
Reidsville
Statesville

North Dakota—2

Fargo
Grand Forks

Ohio—28

Ashland
Ashtabula
Bowling Green
Bryan
Bucyrus
Cambridge
Chillicothe
Cincinnati
Cleveland (3)
Columbus
Conneaut
Coshocton
East Palestine
Findlay
Fremont
Hamilton
Ironton
Lancaster

Ohio [Contd.]

Lima
Massillon
New Philadelphia
Painesville
Tiffin
Warren
Wooster
Zanesville

Oklahoma—3

Okmulgee
Sapulpa
Tulsa

Oregon—6

Astoria
Bend
Eugene
Klamath Falls
Medford
Portland

Pennsylvania—48

Ashland
Berwick
Bloomsburg
Bradford
Carbondale
Chambersburg
Coalport
Coatesville
Danville
Downingtown
Du Bois
Ephrata
Forest City
Freeland
Homestead
Jersey Shore
Kulpmont
Lansford
Lewisburg
Lock Haven
McAdoo
Mahanoy City
Mauch Chunk
Middletown
Milton
Mt. Carmel
Nanticoke
Newport
Northampton
Olyphant
Oxford

Penn. [Contd.]

Philadelphia
Phoenixville
Portstown
Renovo
Royersford
Sayre
Scranton
Shamokin
Shenandoah
Somerset
Stroudsburg
Sunbury
Tamaqua
Towanda
Waynesboro
Wellsboro
West Chester

Rhode Island—4

Newport
Providence
Warren
West Warwick

So. Carolina—3

Camden
Chester
Rock Hill

South Dakota—8

Aberdeen
Huron
Lead
Mitchell
Rapid City
Sioux Falls
Vermillion
Yankton

Tennessee—2

Gallatin
Jellico

Texas—4

Amarillo
Denison
El Paso
Texarkana

Utah—1

Ogden

Vermont—7

Barre
Bellows Falls
Newport
Rutland
Springfield
White River
Junction
Windsor

Virginia—13

Bedford
Clifton Forge
Culpeper
Farmville
Fredericksburg
Front Royal
Lexington
Norfolk
Salem
South Boston
Staunton
Winchester
Wytheville

Washington—7

Bellingham
Everett
Longview
Spokane
Walla Walla
Wenatchee
Yakima

West Virginia—3

Charleston
Charles Town
Martinsburg

Wisconsin—5

Fond Du Lac
Kenosha
Oshkosh
Rhineland
Superior

Wyoming—2

Cheyenne
Rock Springs

Figures in parentheses indicate the number of stores in cities where more than one store is in operation.

